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Sunnyside Gold Corporation

1888 Sherman Street, Suite 780
Denver, Colorado 80203

October 4, 2011

VIA HAND DELIVERY

Peter Butler
Co-Coordinator
Animas River Stakeholders Group
1711 Baby Bear Rd.
Durango, CO 81301

Steve Fearn
Co-Coordinator
Animas River Stakeholders Group
PO Box 468
Silverton, CO 81433

Bill Simon
Co-Coordinator
Animas River Stakeholders Group
8185 CR 203
Durango, CO 81301

Lori Armstrong
District Manager
Southwest District Office
Bureau of Land Management
2465 South Townsend Avenue
Montrose, Colorado 81401

Re: Animas River Water Quality

Dear District Manager and Gentlemen:

The Silverton area has a long and distinguished history of both mining and successful collaborative efforts to address environmental matters. Sunnyside Gold Corporation ("Sunnyside") has been a part of that history, and has a continuing interest in water quality and habitats in the area.

Faced with new and unanticipated water quality challenges in the Animas River, the community is once again demonstrating its capacity for pursuing cooperative solutions to complex problems. It is my understanding that, at the August meeting of the Animas River Stakeholders Group, a Bureau of Land Management representative discussed BLM's interest in potentially constructing a water treatment plant on federal lands to treat waters coming from the American Tunnel. It was noted, however, that BLM would not be in a position to allocate monies to operate such a facility. At the September Animas River Stakeholders Group meeting, the stakeholders discussed joint efforts to evaluate water management alternatives to determine the best technical and cost-effective approach to reduce metals loading to Cement Creek, with the goal of improving water quality in the Animas River.

Sunnyside is today offering to contribute up to \$6.5 Million Dollars towards projects to improve water quality in the Animas River that Sunnyside may approve after consultation with the Animas River Stakeholders Group. Of this total amount, Sunnyside is presently committing to contribute: 1) Twenty-five Thousand Dollars (\$25,000) towards the ongoing effort being undertaken by the Animas River Stakeholders Group to evaluate water management alternatives; and 2) up to Five-Million Dollars (\$5,000,000) toward the operation of a cost-effective water treatment plant to treat water from the American Tunnel should the BLM build and operate such a facility.

Sunnyside's record of commitment to water quality is demonstrated by its having spent almost Fifteen Million Dollars on mitigation, remediation and reclamation in the area and having been released from liabilities pursuant to a voluntary Consent Decree with the Colorado Department of Public Health and Environment. Nothing in this letter is intended to or shall be deemed to constitute any admission of liability. Sunnyside does not view that a Superfund listing would be constructive and would vigorously contest any alleged liability under Superfund.

Sunnyside is pleased to continue to be a partner in the ongoing collaborative efforts to improve water quality and habitats in the Animas River. We are hopeful that our actions today will serve as an impetus for others to expand their commitments to contributing to jointly addressing water quality in the Animas.

Sincerely,



Sunnyside Gold Corporation
Lauren M. Roberts
President